

AMENDED IN ASSEMBLY MAY 28, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 2457

Introduced by Assembly Member Salas

February 19, 2010

An act to add Division 22 (commencing with Section 70000) to the Financial Code, relating to financial literacy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2457, as amended, Salas. California Financial Literacy Fund.

The California Constitution requires the Legislature to encourage the promotion of intellectual improvement. Existing law regulates financial institutions and their interactions with the public. Existing law recognizes the existence of specialized financial institutions that provide services, including, but not limited to, financial literacy training, to underserved communities.

This bill would establish the California Financial Literacy Fund in the State Treasury for the purpose of ~~enabling~~ *supporting* partnerships with the financial services community and governmental and nongovernmental stakeholders to improve Californian's financial literacy. The bill would require the fund to be administered by the Controller and would authorize the Controller to deposit private donations into the fund from entities with no direct financial interest in any financial products. The bill would require those moneys to be made available upon appropriation in the annual Budget Act. The bill would require the Controller, beginning in 2012, to ~~report~~ *provide a summary* to specified committees of the Legislature annually on or before August 30 on the use of those moneys appropriated from the fund.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. The Legislature finds and declares all of the~~
2 ~~following:~~
3 ~~(a) The average American household consumer credit card debt~~
4 ~~is about eight thousand five hundred dollars (\$8,500).~~
5 ~~(b) Forty-three percent of American families spend more than~~
6 ~~they earn, and data from the Federal Reserve states that Americans~~
7 ~~hold a total debt of \$1.9773 trillion, not including mortgage debt,~~
8 ~~averaging eighteen thousand six hundred fifty-four dollars~~
9 ~~(\$18,654) per household.~~
10 ~~(c) As the mortgage crisis demonstrated, there is a severe~~
11 ~~shortage of affordable financial advisors to counsel middle and~~
12 ~~lower income Californians and advise them on how to plan when~~
13 ~~a fiscal crisis hits.~~
14 ~~(d) Studies show that 60 percent of homeowners facing~~
15 ~~foreclosure did not know to reach out to their lenders, which has~~
16 ~~proven the best way to avoid foreclosure and foreclosure scams.~~
17 ~~(e) The first quarter of 2008 reported 169,831 foreclosure filings~~
18 ~~in California, the highest in the country, at a rate of one in every~~
19 ~~78 households.~~
20 ~~(f) High school seniors taking part in a national survey of~~
21 ~~financial knowledge scored an average of 48.3 percent, which is~~
22 ~~a failing grade.~~
23 ~~(g) Undergraduate students reported their freshman year as the~~
24 ~~most prevalent time for obtaining credit cards, with 78 percent~~
25 ~~reporting that they obtained their first credit card at 18 years of~~
26 ~~age.~~
27 ~~(h) Sixty-five percent of 18 to 19 year olds, the average age that~~
28 ~~college students reported getting their first credit card, failed a~~
29 ~~financial literacy test.~~
30 ~~(i) Many groups are dedicated to increasing the financial literacy~~
31 ~~of Americans and a broad range of quality personal finance~~
32 ~~instructional materials and curricula have been created for this~~
33 ~~purpose.~~
34 ~~(j) California does not have an official statewide policy or~~
35 ~~educational plan for the teaching of financial literacy.~~

1 ~~(k) Financial literacy materials and resources exist in many~~
2 ~~forms but are not organized or collected in a systematic manner.~~

3 ~~(l) The teaching of financial literacy skills is vital to equip the~~
4 ~~young people of California with the tools they need to enter the~~
5 ~~workforce.~~

6 ~~SEC. 2.~~

7 *SECTION 1.* Division 22 (commencing with Section 70000)
8 is added to the Financial Code, to read:

9
10 DIVISION 22. CALIFORNIA FINANCIAL LITERACY
11 FUND
12

13 70000. For purposes of this division, “fund” means the
14 California Financial Literacy Fund.

15 70001. (a) The California Financial Literacy Fund is hereby
16 established in the State Treasury. The fund shall be administered
17 by the Controller.

18 (b) The purpose of the fund shall be to ~~enable support~~
19 ~~partnerships with the financial services community and~~
20 ~~governmental and nongovernmental stakeholders to improve~~
21 ~~Californian’s financial literacy and to allow the Controller to~~
22 ~~develop and share financial literacy materials, as well as to connect~~
23 ~~resources not currently organized in a systematic manner.~~ *literacy.*

24 70002. The Controller may accept private donations from
25 entities with no direct financial interest in any financial products
26 and deposit those donations into the fund, which shall be made
27 available upon appropriation in the annual Budget Act.

28 70003. Beginning in 2012, the Controller shall provide to the
29 respective chairpersons of the Assembly Committee on Banking
30 and Finance and the Senate Committee on Banking, Finance and
31 Insurance ~~an annual report~~ *a brief annual summary* on the use of
32 the funds, when appropriated. This ~~report~~ *summary* shall be
33 submitted no later than August 30 of each year.